

What Can We Learn From Multi-stakeholder Cooperatives

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As the name implies, multi-stakeholder cooperatives have more than one type of member. An example would be a local food cooperative with producer members, consumer members and employee members. While multiple stakeholder cooperatives are a small part of the U.S. cooperative sector, most new cooperatives consider the multi-stakeholder model. Italy was the first country to adopt a multi-stakeholder statute in 1991 and now has over 14,000 multi-stakeholder cooperatives with over 5M members. In Quebec, home to one of the most productive and vibrant co-operative development sectors in the world, multi-stakeholder co-ops are now the fastest growing type of co-op, with more than 50% of all new co-ops.

In Japan, there is another dimension on the multi-stakeholder model. The average multi-stakeholder cooperative in Japan has 6,000 farmer members and 10,000 associate members. Those associate members include part time farmers who do not meet the requirements for regular membership and non-farmers in the communities who are accessing different types of services such as credit and insurance. The associate members provide an additional source of equity and the membership numbers help the cooperatives command political influence.

What can our legacy U.S. agricultural cooperatives learn from the Multi-stakeholder model? Our memberships are becoming much more diverse. While most agricultural cooperatives do not have different classes of members, they certainly have different types of members. Cooperative members vary in scale of operation, production activities, desire for information and service, use of custom application and many other dimensions. Perhaps we have multi-stakeholder cooperatives that we are trying to operate under a single stakeholder model. If so, we could look to the multi-stakeholder models for examples of creating different levels of investment, patronage and voting rights.

Agricultural cooperatives have always celebrated the fact that they operate under a unique business model. While that is true with respect to ownership and profit distribution, in most other dimensions they are identical to other firms. Attracting and retaining talent is a challenge for most cooperatives. That challenge is likely to get worse as the current generation of staff and managers reach retirement age. Agricultural cooperatives could look to the multi-stakeholder model and consider whether some structure of employee ownership could be a long run solution to our human resource issues. It is difficult to recruit young talent into a small rural town. The chance to build an ownership stake could differentiate a cooperative career from other choices.

The Japanese multi-stakeholder model is in some ways the most interesting. Those cooperatives maintained their traditional services for their producers. They also found ways to diversify into other services for an additional set of stakeholders. Some agricultural cooperative have attempted those strategies by creating joint ventures and subsidiaries. Rather than adding an investor owned firm to a cooperative, would it make more sense to create another class of membership and activities? If the cooperative thought outside the box, those members and activities could even be in metropolitan areas.

Examining the multi-stakeholder cooperative model might help us consider new opportunities for existing cooperatives. Multi-stakeholder cooperatives also have unique problems. I'll discuss those problems and the structures they use to address them in my next newsletter.

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